

DISPLACEMENT AND HOUSING GUIDANCE

DISPLACEMENT AVOIDANCE

Sustainable Transportation Equity Project (STEP) Applicants are encouraged to consider how to identify and avoid substantial economic, environmental, and public health burdens in disadvantaged and low-income communities that may occur due to STEP-funded projects and that may lead to the physical or economic displacement of low-income households¹ and small businesses.²

I. EXAMPLE ACTIVITIES

Direct and inclusive community engagement that builds collaboration before projects are launched or implemented is an important practice to avoid displacement³ and other unintended consequences of STEP-funded projects. However, policies and activities that directly work to combat the potential displacement impacts of funded projects are also an important part of displacement avoidance. All displacement avoidance policies and activities should incorporate community engagement early and often.

The lists below include examples of the policies and activities that Applicants may identify in the STEP proposal as existing anti-displacement policies and activities (including those that Applicants will coordinate with) or new anti-displacement policies and activities to be implemented (including those that may be funded by STEP Implementation Grants). Not all of the policies and activities listed below are eligible for STEP funds. See Appendix E of the Grant Solicitation for the full lists of eligible and ineligible projects and costs.

Table 1: Displacement Avoidance for Low-income Households

	Policies and Activities
Production of Affordable Housing	<ul style="list-style-type: none">• Density bonus ordinance that exceeds State Density Bonus Law• Fee on new commercial development or housing bond to fund affordable unit development

¹ Households identified as low-income per AB 1550.

<https://ww3.arb.ca.gov/cc/capandtrade/auctionproceeds/communityinvestments.htm>

² Defined by the Department of General Services as a for-profit business that is independently owned, is not dominant in its field of operation, and meets specific employee size and/or revenue requirements.

³ For more information about displacement, see the Urban Displacement Project:

<https://www.urbandisplacement.org/>

	Policies and Activities
	<ul style="list-style-type: none"> • Community land trusts, land banking programs, and other activities to acquire land for development of affordable housing • Development of new accessory dwelling units (ADU) • Reduction of local barriers to ADU development (parking, rear-yard requirements, impact fees, etc.) • Dedication of a certain percentage of a housing bond to building housing in the STEP Community • Fee deferrals to develop 100 percent affordable housing • Development of family-sized units as a certain percentage of new rental and ownership affordable units • Allow affordable housing on a limited number of underutilized industrial parcels with a ground floor requirement for industrial uses
<p>Preservation of Affordable Housing</p>	<ul style="list-style-type: none"> • Local rent control, stabilization ordinances, and rent review boards that offer stronger protections than State law • No-net loss of affordable housing units or net gain of affordable units • Preservation of existing affordable housing in the STEP Community through the one-for-one redevelopment of distressed public housing; right-to-return policies for existing residents in good standing in redeveloped public housing; and commitment not to raise rents above pre-redevelopment levels for existing residents in redeveloped buildings • Policies to preserve single-room occupancy (SRO) or mobile home parks and to allow current residents in good standing to remain or return in the case of redevelopment • Condominium conversion restrictions • Demonstration of application to local, State, and federal programs to fund preservation of affordable housing • Preservation of affordable housing via acquisition and rehabilitation programs • Covenants to maintain affordability in perpetuity • Community land trusts or land banking programs to acquire properties for preservation of affordable housing • Restrictions on short-term rentals to increase rental availability for residents • Restrictions on non-primary residences to increase rental availability for residents

Policies and Activities	
<p>Tenant Protections and Support</p>	<ul style="list-style-type: none"> • Tenant anti-harassment policies • Right-to-return policies for existing households • Source of income non-discrimination • Local 'Just Cause' eviction policies that offer stronger protections than State law • Culturally appropriate tenant rights education • Funding for tenant organizing • Tenant legal services and right to council in eviction proceedings • Review of occupancy requirements to create greater flexibility for tenants • Identify opportunities to improve and increase supportive services to tenants of SROs • Tenant's first right to purchase ordinance • Preserve rent-control units when major rehabilitation occurs and implement first right of return policies that include moving expenses • Assess enforcement of crime-free nuisance policies and modify as needed to ensure vulnerable populations are not being negatively impacted • Create an emergency housing response action plan for instances when code enforcement deems the properties uninhabitable
<p>Neighborhood Stabilization and Wealth Building</p>	<ul style="list-style-type: none"> • Asset building opportunities for low-income residents • Contracting with local, small, women-owned, and minority-owned businesses⁴ • Development and promotion of micro-lending opportunities • Development of worker cooperatives • Non-speculative homeownership opportunities • Policies to avoid the displacement of anchor organizations like churches and community centers • Local community-building spaces and events, including parks and recreation opportunities that align with community culture

⁴ <https://www.cpuc.ca.gov/certifications/>

Table 2: Displacement Avoidance for Local and Small Businesses

	Policies and Activities
<p>Protections for Small Businesses</p>	<ul style="list-style-type: none"> • Implementation of an overlay zone or inclusionary policies designed to protect and assist local and small businesses • Creation and maintenance of a small business alliance • Increased outreach by the jurisdiction’s small business assistance programs • Formal programs to ensure that some fraction of a jurisdiction’s goods and services come from local and small businesses • Development of no-cost and low-cost business development and retention programs with established local, State and federal partners such as the California Small Business Development Center Network, Women’s Business Centers, Procurement Technical Assistance Centers and others • Enforce existing regulations to retain and protect production, distribution, and repair space • Advocate for commercial rent control
<p>Business Stabilization and Wealth Building</p>	<ul style="list-style-type: none"> • Development of layoff aversion and business continuity programs during construction or other business interruption events • Development of no-cost and low-cost business development consulting and training programs targeting small and micro-enterprises in partnership with local, State and federal technical assistance partners • Contract with local, small, women-owned, and minority-owned businesses⁴ • Encouragement and assistance to ensure businesses are community serving • Increase commercial space and promote community serving uses in new developments • Support alternative business models including cooperatives • Non-profit stabilization programs and rental subsidy programs that prevent the displacement of non-profits from a neighborhood

PRO-AFFORDABLE HOUSING POLICIES

Land use policies, plans, and processes that promote development of affordable housing within a half-mile of a transportation facility (e.g., transit station, transit stop, access point to active transportation) are key influencing factors in a transportation service or facility’s rate of use and benefits to community residents. Well-integrated community planning that includes affordable housing options is also critical to reducing greenhouse gas emissions, increasing access to key destinations, and overcoming barriers to health and equity.

STEP Applicants are encouraged to consider how local land use policies, plans, and processes that support the development of transportation-efficient affordable housing can complement STEP-funded projects, and how STEP-funded projects can in turn complement those policies, plans, and processes.

I. EXAMPLE POLICIES, PLANS, AND PROCESSES

Examples of the housing and land use policies, plans, and processes that may be relevant to consider include but are not limited to those in the table below.

Table 3: Pro-affordable Housing Policies, Plans, and Processes

	Examples
Zoning and other policies that allow greater density and promote mode shift	<ul style="list-style-type: none"> • A density bonus ordinance whose allowable density increase exceeds the requirements of State Density Bonus Law • An ordinance or other policy that reduces parking requirements more than State Density Bonus Law • Affordable Housing Overlay Zones which, when utilized, exceed the jurisdiction’s share of the Regional Housing Needs Allocation by providing opportunities for low-income households to live in transit-rich neighborhoods
Policies to decrease per-unit infill development costs and production timeframes in the approval process	<ul style="list-style-type: none"> • Nondiscretionary Local Approval Processes for multifamily residential, mixed-use, or affordable housing development • Certified plan-level CEQA analysis that allows streamlined environmental approvals of multifamily residential or mixed-use development at the project level • Dedicated resources to promote transparency and certainty in the development approval process



	Examples
Financial support promoting infill housing or infill-supportive infrastructure	<ul style="list-style-type: none"> • A policy that standardizes and improves processes for local impact fees or other development-related fees on infill multifamily residential or mixed-use development • Financing tools that directly fund affordable housing in transit-oriented areas, such as an Enhanced Infrastructure Financing District whose adopted financing plan explicitly supports affordable housing
Preserving housing units affordable to lower-income residents	<ul style="list-style-type: none"> • Strategies to avoiding the displacement of local residents (e.g., local policies or development-specific protections)

The sections below describe these examples in more detail and provide examples and resources for each example.

A. A density bonus ordinance whose allowable density increase exceeds the requirements of State Density Bonus Law

Under Government Code section 65915, State Density Bonus Law requires cities and counties to grant a “density bonus” to a housing development, in exchange for the housing development providing affordable units, or units for senior housing, student housing, or childcare facilities. A “density bonus” means an increase of residential units over the otherwise maximum density allowed by the applicable zone.

State Density Bonus Law requires cities and counties to adopt an ordinance defining the density bonuses available to housing developments in their jurisdiction. Typically, the exact amount of the bonus must be determined by a sliding scale (from 5 percent to 35 percent) set forth in Government Code section 65915. Also, developments that meet special criteria for affordability, or proximity to transit, are also entitled to higher density bonuses. In adopting their local ordinances, cities and counties have the *option*, but not the obligation, to *also* offer density increases which exceed these ranges required in State law.

Examples

- **Fresno:** The City of Fresno’s municipal code exceeds statutory requirements by offering a density bonus for transit-oriented development projects that can be combined with the density bonus required by State Density Bonus Law. Fresno’s program provides a maximum density bonus of 100 percent of the underlying zone’s typical density. For a description of Fresno’s density bonus program, see City of Fresno Municipal Code, Article 21 (Transit-Oriented

Development Height and Density Bonus) and Article 22 (Affordable Housing Density Bonus): https://www.fresno.gov/darm/wp-content/uploads/sites/10/2016/11/Complete_Code_March_2017.pdf

- **Sonoma County:** Sonoma County’s density bonus program exceeds statutory requirements by allowing a by-right 100 percent increase in density for rental housing developments that provide 40 percent of the total units as affordable to households with incomes at 50 to 60 percent of area median income (AMI). The county’s website promotes the density bonus ordinance by providing a description of its purpose, applicability, permit requirements, and summary of provisions. See: <https://sonomacounty.ca.gov/PRMD/Regulations/Housing/Density-Bonus-Program/>
- **Ontario:** The City of Ontario’s municipal code allows a density bonus that exceeds statutory requirements, within a program specifically for senior housing developments. In addition to the State Density Bonus Law’s 20 percent density bonus, the municipal code provides an additional 10 percent density bonus for senior housing developments with at least half of the units affordable to very low- or low-income senior households. For a description, see: Municipal Code Section 5.03.360 Senior Citizen Housing Development at https://www.ontarioca.gov/sites/default/files/Ontario-Files/Planning/Documents/chapter_5.0_-_zoning_and_land_use_20180501.pdf

Resources

- For a guide to California’s State Density Bonus Law, see: <https://www.meyersnave.com/wp-content/uploads/California-Density-Bonus-Law-2020.pdf>
- For information on recent updates to State Density Bonus Law, see “California’s Density Bonus Law: 2019 Update”: <https://www.meyersnave.com/californias-density-bonus-law-2019-update/>

B. An ordinance or other policy that reduces parking requirements more than State Density Bonus Law

The Government Code authorizes local jurisdictions to set the number of parking spaces required for each residential unit being developed. However, for projects that qualify for a density bonus, the State Density Bonus Law limits these requirements. In general, State Density Bonus Law limits parking requirements for these developments to not exceed the following (Government Code section 65915[p][1]):

- Zero to one bedroom: one onsite parking space.
- Two to three bedrooms: two onsite parking spaces.
- Four and more bedrooms: two and one-half parking spaces.

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- If the development is located within one-half mile of a major transit stop, inclusive of handicapped and guest parking, 0.5 parking spaces per bedroom.
- Senior housing, or special needs housing, with either paratransit service or unobstructed access, within one-half mile, to fixed bus route service that operates at least eight times per day, 0.5 parking spaces per unit.

Local jurisdictions can encourage mode shift, lower development costs, and enable infill development by reducing parking requirements beyond the ratios required by State Density Bonus Law.

Examples

- **San Diego:** The City of San Diego’s density bonus program allows certain housing developments to use a reduced parking ratio. Housing developments that are 31 percent affordable to low- or very low-income residents may use a parking ratio of only 0.5 onsite parking spaces per bedroom, and developments that are 100 percent affordable may use a parking ratio of only 0.5 onsite parking spaces *per unit*. In addition, affordable developments receive a density increase that is 15 percent above the range set by State Density Bonus Law, for a maximum density bonus of 50 percent. For a description of San Diego’s density bonus program, see Municipal Code Article 3: Supplemental Development Regulations Division 7: Affordable Housing Regulations: <https://docs.sandiego.gov/municode/MuniCodeChapter14/Ch14Art03Division07.pdf>
- **Santa Rosa:** The City of Santa Rosa has adopted a supplemental density bonus, used in addition to State Density Bonus Law, that allows certain housing developments to use a reduced parking ratio. Housing developments that are 31 percent affordable to low- or very low-income residents may use a parking ratio of only 0.5 onsite parking spaces per bedroom, and developments that are 100 percent affordable may use a parking ratio of only 0.5 onsite parking spaces *per unit*. In addition, affordable developments may use a 50 percent reduction in their parking requirements where State Density Bonus Law ratios are not already applied. For a description of the density bonus ordinance, including the supplemental density bonus, see: <https://srcity.org/2555/Density-Bonus>.

Resources

For additional information for communities interested in planning and implementing parking policies and programs, see the Metropolitan Transportation Commission’s report, *“Reforming Parking Policies to Support Smart Growth - Toolbox/Handbook: Parking Best Practices & Strategies for Supporting Transit Oriented Development in The San Francisco Bay Area.”* The focus is on downtowns, neighborhoods, and transit

station areas in which a major investment has been made to provide regional and local transit accessibility. The report can be found at: <https://mtc.ca.gov/sites/default/files/Toolbox-Handbook.pdf>.

C. Affordable Housing Overlay Zones which, when utilized, exceed the jurisdiction's share of the Regional Housing Needs Allocation for low-income households, by increasing the supply of affordable housing near transit

An Affordable Housing Overlay Zone (AHOZ) establishes an additional zoning layer over base zoning designations within a defined geographic area. This additional zoning offers incentives to developers that include affordable units within their housing developments. Incentives can include:

- Impact fee waivers
- Enhanced density bonuses and reduced parking ratios
- Changes to setback requirements or height standards
- By-right zoning

To qualify, a developer must make 25 to 100 percent of the housing development's units affordable to households earning 50 to 80 percent of AMI.

In addition to incentivizing affordable housing developments, the AHOZ also expedites the approval and permit processes that might otherwise require an amendment to the General Plan (However, this is true only if no discretionary action is required, such as a conditional-use permit or other review). This allows a jurisdiction to approve affordable housing in areas that are not zoned for residential use, without a lengthy entitlement process. As a corollary, an AHOZ can be an effective tool for promoting housing production in dense commercial areas, within walkable proximity to retail, office, transit, or other daily or regular destinations.

Examples

- **Oakley:** The City of Oakley adopted an AHOZ in 2005 in order to address the insufficient number of vacant parcels in the city's Housing Element designated for low- and very low-income multifamily housing. Oakley placed the AHOZ over 16.3 acres of land selected for its proximity to commercial services, schools, and transit. To promote high-density development, the city provided reduced parking standards, reduced setback requirements, fee waivers, and a density bonus to housing developments within the AHOZ, requiring in exchange a base density of 25 units per acre, and for affordable units to remain affordable for at least 30 years. As a result, Oakley's AHOZ increased the number of multifamily units near transit and exceeded the minimum needed for

lower-income households.⁵ During the 4th Regional Housing Needs Allocation (RHNA) Cycle, Oakley met its RHNA by 111 percent for the very low-income category, and by 159 percent for the low-income category. To review the Oakley AHOZ, see:

<https://www.codepublishing.com/CA/Oakley/#!/Oakley09/Oakley091.html#9.1.410> or 9.1.410, Affordable Housing Overlay District (AHO).

Resources

- UC Berkeley's Turner Center for Housing Innovation, *Affordable Housing Overlay Zones: Oakley*.
http://casestudies2019.turnercenter.berkeley.edu/download/Affordable_Housing_Overlay_Zones_Oakley.pdf
- Public Advocates' Factsheet: Housing Overlay Zones:
[http://www.reimagineerpe.org/files/HOZ_Fact_Sheet_FINAL_7-27-10\(2\).pdf](http://www.reimagineerpe.org/files/HOZ_Fact_Sheet_FINAL_7-27-10(2).pdf)
- Housing Leadership Council of San Mateo County's Housing Element Policy Best Practices AHOZ section, pages 16-17: https://www.hcd.ca.gov/community-development/building-blocks/docs/housing_element_policy_best_practicesv1022114.pdf

D. By-right (nondiscretionary) local approval processes for multifamily residential and mixed-use development

The by-right approval process is an important tool to streamline and incentivize the types of housing that a community has already determined are right for a specific given location. "By-right" means the review of a proposed development shall not require:

- A conditional-use permit,
- A planned unit development permit, or
- Other discretionary, local-government review or approval that would constitute a "project" as defined by CEQA.

A by-right approval process does not preclude local planning agencies from imposing design review standards. However, the review and approval process must remain ministerial and the design review must not constitute a "project" as defined in Public

⁵ The City of Oakley's Housing Element indicates its AHOZ has a density of 24 units per acre plus State Density Bonus Law (or 32.4 units per acre). The AHOZ does not have a density range of 24-32.4 units per acre plus State Density Bonus Law (or 43.74 units per acre). The California Department of Housing and Community Development considers it a constraint when a zone only allows a single density and not a density range (e.g., 24 units per acre instead of 24 to 30 units per acre).

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Resources Code section 21100. For example, a by-right approval process allows a hearing officer (e.g., zoning administrator) or other hearing body (e.g., planning commission) to review a project’s design merits and call for a project proponent to make design-related modifications, but this process also prohibits the hearing officer or hearing body from deliberating on the project’s merits or exercising judgment to reject or deny the “residential use” itself.

By simplifying the path for a specific and needed type of housing, in a specific and defined area where the housing is needed, by-right zoning lowers development costs and expedites the provision of housing. This approach allows communities to develop and establish a holistic land use plan for a given zone, and then allow development to realize that vision at lower cost and faster approvals.

Examples

- **Los Angeles:** The City of Los Angeles uses by-right zoning to streamline and incentivize affordable housing near transit options. In 2017, Los Angeles established a Transit-Oriented Communities (TOC) program that designates the half-mile radius around each major transit stop as an “Affordable Housing Incentive Area.” In these Incentive Areas, developments that meet specific standards for affordable housing are eligible for a by-right approval process, in addition to increased density and parking requirement reductions. For more information on Los Angeles’ TOC program and by-right process, see: UC Berkeley’s Turner Center for Housing Innovation, *Transit-Oriented Communities: Los Angeles*: http://casestudies2019.turnercenter.berkeley.edu/download/TOC_Los_Angeles.pdf

Resources

- Creating a New By-Right Process: For information about establishing by-right zoning, see the Department of Housing and Community Development’s *Building Blocks: A Comprehensive Guide to Housing Elements: Identifying Adequate Sites*: <https://www.hcd.ca.gov/community-development/building-blocks/program-requirements/identify-adequate-sites.shtml>
- Using an Existing By-Right Process: Under the Streamlined Ministerial Approval Process Act (SB 35, 2017), many local jurisdictions are already subject to providing a by-right approval process. In such areas, local governments should consider dedicating resources to helping home developers, community groups, and other stakeholders understand and use this valuable resource to fast-track affordable housing production. To assist with identifying local jurisdictions that are already subject to providing a by-right process under SB 35, please see the

California Streamline Approval Open Data Map (also called the Interactive SB 35 Determination and Housing Element Open Data Map) and related resources:

- Streamline Approval Open Data Map:
<http://cahcd.maps.arcgis.com/apps/webappviewer/index.html?id=29fd695819064f38afee6c9880c30ae3>
- Mapping Webinar: <https://www.youtube.com/watch?v=wH4DY-OteLc&feature=youtu.be>

E. Certified plan-level CEQA analysis that allows streamlined environmental approvals of multifamily residential or mixed-use development at the project level

The California Planning and Zoning Law authorizes a city or county to adopt a Specific Plan, which is a comprehensive planning and zoning document designed to carry out the General Plan policies within a particular geographic area by providing a special set of development standards for that area (Government Code section 65450, et seq.). Special standards may include form-based code coupled with CEQA streamlining to help facilitate higher-density housing production and mixed-use development within core areas.

Prior to adopting a Specific Plan, a city or county must prepare an Environmental Impact Report (EIR) pursuant to CEQA. To meet this requirement, the jurisdiction may adopt a "Program EIR" which facilitates streamlining by including project-level analysis and project-level mitigation measures that may account for and effectively cover future proposed projects within the Specific Plan area (CEQA Guidelines section 15168, et seq.).

Accordingly, Government Code section 65457 specifies that residential and mixed-use projects that are consistent with a Specific Plan, with a certified Program EIR, are exempt from CEQA. By adopting a Specific Plan, local jurisdictions can significantly accelerate future approval and permitting processes for infill housing development projects and efficient land use. Similarly, effective approaches may include a certified General Plan EIR or Master EIR.

Examples

- **San Diego:** The City of San Diego adopted two Specific Plans in 2019 to rezone areas along trolley stations to facilitate the development of approximately 9,000 new homes, taking advantage of the planned Mid-Coast Trolley Blue Line Extension to promote transit-oriented development. Each Specific Plan includes a Program EIR, facilitating CEQA streamlining for future development by including project-level analysis and mitigation measures. The two Specific Plans include:

- The Balboa Station Specific Plan, which allows for an additional 3,508 housing units, over the 1,200 units allowed in the previous zoning designation, within a half-mile of the planned station:
<https://www.sandiego.gov/planning/community/specificplans/balboa-station>
- The Morena Corridor Community Plan, which allows for 5,630 additional housing units, over the 1,387 allowed in the previous zoning designation:
<https://www.sandiego.gov/planning/community/specificplans/morena-corridor>

Resources

For information and guidance on CEQA streamlining through plan-level EIRs, see the Governor's Office of Planning and Research's *CEQA Review of Housing Projects* Technical Advisory: http://opr.ca.gov/docs/20190208-TechAdvisory-Review_of_Housing_Exemptions.pdf

F. Dedicated resources to promote transparency and certainty in the development approval process

Local development regulations are designed to shape the character of the community, ensure health and safety standards are achieved, provide sufficient infrastructure, and offer desired amenities. Regulations include approval processes, development and design standards, and impact fees and other development-related fees.

However, these regulations can create significant barriers to efficient land use by impeding the development of infill housing specifically. Zoning, permitting processes, development fees, and other regulations can have distinct effects on different types of housing development. These effects typically make location-efficient housing costlier and more difficult and complicated to approve. Disparities like this tend to favor greenfield housing development (or no housing development at all).

Local jurisdictions can promote transparency and certainty in the development approval process by:

- Creating objective development and design standards. Revise the applicable zoning ordinance to create objective standards or pre-approved site and architectural plans that facilitate non-discretionary permitting.
- Expediting local permitting processes. Streamline approvals and permit processing, including instituting programs that consolidate the review process or create a separate process for expedited review of housing projects. Allow paperless permitting and plan review.

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- Providing application guidance on specific building types that historically have been more complicated to approve. Encourage niche building types, such as accessory dwelling units (ADUs) and other low-cost building types, through actions above State law, such as outreach, fee waivers, pre-approved plans, website zoning clearance assistance, and other homeowner tools or finance tools. Effective actions in lower-density residential areas also include intensifying existing densities and “missing model” typologies to encourage significantly more residential development (e.g., duplexes, triplexes).
- Providing application guidance on streamlined permitting processes or by-right approval processes. Most affordable housing developments that are proposed in high-density infill areas have some form of streamlined permitting or by-right approval available to them through the following statutes:
 - SB 35-Streamlined Ministerial Approval Process (Government Code section 65913.4)
 - AB 2162-Permanent Supportive Housing (Government Code section 65650)
 - AB 101-Low Barrier Navigation Centers (Government Code section 65662).

However, home developers, advocates, and other community stakeholders face uncertainty in implementing these processes. Local governments can assist in the successful implementation of such approval processes and expedite the siting of needed housing, by dedicating resources to provide application guidance, including online resources, instructional materials, and technical assistance.

Examples

- **San Diego:** The City of San Diego provides various programs and incentives to increase the supply of affordable housing. Following are some code sections, Council Policies, Information Bulletins, Applications, Links and other information regarding the City of San Diego's affordable housing requirements.
 - The Affordable, In-Fill Housing and Sustainable Buildings Expedite Program, Information Bulletin 538. This Information Bulletin provides basic information regarding the Affordable/In-Fill Housing and Sustainable Buildings Expedite Program. <https://www.sandiego.gov/sites/default/files/dsdib538.pdf>
 - Affordable and Sustainable Development, Council Policy 600-27. This Policy describes expediting the development review process, defines those projects that qualify for expedited permit processing, and prioritizes projects in the event the expedite program's carrying capacity is exceeded. https://docs.sandiego.gov/councilpolicies/cpd_600-27.pdf
 - Affordable, In-Fill Housing and Sustainable Buildings Expedite Program (DS-531). This form is required to be completed and submitted by those

applicants electing to enter into the Affordable, In-Fill Housing and Sustainable Buildings Expedite Program.

<https://www.sandiego.gov/sites/default/files/dsdds531.pdf>

- **Timeframe- Standard vs Expedite Processing.** This chart compares standard discretionary and expedited discretionary permit processing goals. The chart reflects how projects processed with expedited discretionary permit processing typically take about half the amount days to process than projects using the standard process.

https://www.sandiego.gov/sites/default/files/dsdah_timeframes.pdf

- **Redwood City:** The City of Redwood City offers online permit tracking and digital submittals to improve efficiency and transparency. This strategy improves efficiency, costs associated with printing, and convenience. It is important to clearly outline the standards and procedures for the online digital submittal process and requirements. For more information, see Redwood City's website at <https://permits.redwoodcity.org/etrakit3/>.
- **Clovis:** The City of Clovis provides pre-approved cottage home, accessory dwelling unit, plans free of charge, saving permit and processing time, as well as up to \$10,000 in costs for the plans. Three cottage home designs are available. The program was originally created to encourage infill residential development in the Old Town Clovis area. However, due to its success it is now available city wide to qualifying properties citywide. For more information on the city's Cottage Home Program, see: <https://cityofclovis.com/planning-and-development/planning/cottage-home-program/>.

G. A policy or procedure that standardizes and improves processes for impact fees and other development-related fees on multifamily residential or mixed-use development

Local impact fees and other development-related fees are designed to fund sufficient infrastructure and services, yet fee structures can also create unexpected barriers to efficient land use by impeding the development of infill housing. Fees can have distinct effects on different types of housing development, which typically includes making location-efficient housing costlier and more difficult to approve. Such disparities tend to favor greenfield housing development (or no housing development at all).

Local governments can promote healthier communities through location-efficient housing by improving, standardizing, and rationalizing fees. Effective strategies include:

- Deferring, reducing, or waiving traffic impact fees or other impact fees
- Adopt a uniform process for all impact fees and other development-related fees, including consistent procedures for refunds, credits, and challenges to fees

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- Base development fees on square footage rather than number of units or bedrooms, in order to support higher-density residential development
- Adopt citywide fee rates, rather than neighborhood-specific rates, to spread the cost of infrastructure and promote infill development
- Produce and publicize fee schedules, web-based fee calculators, and other fee transparency measures and fee reduction and waiver strategies

Examples

- **Sacramento:** The City of Sacramento adopted a Housing Element in 2013 with a goal to “review and reduce applicable processing and development fees for very low- and low-income housing units,” acknowledging the potential role that fees were playing in constraining the supply of affordable housing. As a result, the city reviewed and revised fee structures, resulting in:
 - A uniform process for all fees;
 - Fees that are more predictable and affordable;
 - Incentive structures that favor infill development; and
 - A fee estimation service.

For more information, see UC Berkeley’s Turner Center for Housing Innovation, *Development Fees: Sacramento*:

http://casestudies2019.ternercenter.berkeley.edu/download/Development_Fees_Sacramento.pdf

Resources

For additional information about the effects of fees on infill development, and how local governments can modify their fee structures to promote infill, including Sample Analysis, see the Department of Housing and Community Development’s *Building Blocks: A Comprehensive Guide to Housing Elements: Fees and Exactions*:

<https://www.hcd.ca.gov/community-development/building-blocks/constraints/fees-and-exactions.shtml>

H. Financing tools that directly fund affordable housing in transit-oriented and high-opportunity areas, such as an Enhanced Infrastructure Financing District (EIFD)

The California Government Code authorizes cities, counties, and special districts to use tax-increment revenue to finance infrastructure improvements and affordable housing, by establishing an EIFD (Section 53398.50, et seq). Local taxing entities may establish an EIFD by forming a joint powers authority (JPA), where each participating

taxing entity agrees to the amount of tax increment that it will contribute. (Additional taxing entities can later join the JPA after it has been established).

The JPA can invest the tax increment in public infrastructure or private facilities by adopting an Infrastructure Financing Plan, which may also include community facilities bonds (Mello-Roos), California's Proposition 1 water bond funds, federal and State grants, fees from developer agreements, and hotel and sales taxes, in addition to the tax increment.

EIFDs can finance a wide variety of projects, including:

- Roads, highways, interchanges, ramps and bridges, and arterial streets,
- Parking and transit facilities including light-rail,
- Affordable housing, mixed-use development, and transit-oriented development including transit priority projects that implement a Sustainable Communities Strategy,
- Industrial structures, and wastewater and groundwater facilities,
- Parks, libraries, childcare facilities, and
- Brownfields remediation.

Importantly, public capital facilities do not need to be physically located within the boundaries of the EIFD but must be of "communitywide significance" and provide "significant benefits" to the district or the surrounding community.

Although EIFDs are not *required* to finance affordable housing, an EIFD can promote the development of affordable housing in several ways:

- EIFD funding may be used to directly subsidize rent-restricted units within mixed-income developments. Housing units that are directly subsidized must have long-term affordability covenants (55 years for rental units and 45 years for ownership units).
- EIFDs can pay for infrastructure costs and development fees associated with housing construction, as well as provision of services to affordable housing residents.

Because the legislation authorizing EIFDs was passed only in 2014, all EIFDs are relatively new (like La Verne's). However, the authority to direct tax-increment funding to support housing, without "blight" requirements or geographic restrictions (which had applied under former redevelopment law), enables local agencies to tailor a significant revenue source to the needs of their community.

Examples

- **La Verne:** In 2017, the City of La Verne established an EIFD to increase multimodal accessibility and diverse housing opportunities near a specific recreational district (called “Old Town”). The EIFD complements an upcoming transit expansion in Los Angeles County’s Metro Rail system, siting 1,700 new housing units and retail within proximity to transit. The city combined its Specific Plan for Old Town with university and fairground priorities to develop a comprehensive plan for the station area, including sidewalks, a pedestrian bridge, landscaping and lighting, utilities, and a new sewer line. For more information, see:
<https://www.cityoflaverne.org/index.php/documents/community-development-planning/general-and-specific-plans>.
- Also, review La Verne’s EIFD Infrastructure Financing Plan here:
<https://www.cityoflaverne.org/index.php/documents/community-development/eifd-documents>
- **West Sacramento:** The City of West Sacramento established an EIFD in 2017 to develop a mixed-use and transit-oriented development that ultimately includes 4,000 housing units and 5.6 million square feet of commercial space. See West Sacramento’s Infrastructure Financing Plan here:
<https://www.cityofwestsacramento.org/home/showdocument?id=342>

Resources

For more information on EIFDs’ implementation and lessons learned, see:

- UC Berkeley’s Turner Center for Housing Innovation, *Enhanced Infrastructure Financing Districts: West Sacramento*:
[http://casestudies2019.turnercenter.berkeley.edu/download/Enhanced Infrastructure Financing Districts West Sacramento.pdf](http://casestudies2019.turnercenter.berkeley.edu/download/Enhanced_Infrastructure_Financing_Districts_West_Sacramento.pdf)
- CALED Primer on Tax Increment Financing: <https://caled.org/wp-content/uploads/2016/02/TIF-Booklet-10-161.pdf>

I. Strategies in place to avoiding the displacement of local residents (e.g., city policies or development-specific protections)

The potential conversion of affordable housing to market-rate housing is an ongoing and critical statewide problem. In California, there are approximately 149,000 units of privately owned, federally assisted, multifamily rental housing, plus additional tax-credit and mortgage-revenue bond properties, many with project-based rental assistance. A large percentage of these units may convert to market rate as subsidy contracts or regulatory agreements expire. These at-risk units are home to seniors and

families with lower incomes who cannot afford to pay market-rate rents and who could be displaced if the developments convert.

In particular, growing demand for housing and commercial amenities near transit, combined with new capital improvements designed to make transit more accessible, creates a heightened risk of displacement. If unaddressed, these risks can drive out the very low-income households who would otherwise benefit most from improvements to these areas.

Local governments can take specific actions to help avoid displacement of tenants, including:

- **Monitoring Units**
 - Establish an early warning system and monitor at-risk units. Create a list based on at-risk units in the ten-year inventory and analyses (conversion risk, costs, and resources) for possible conversions within the current and next planning period. Monitor the list on a regular basis (e.g. every three months).
 - Publicize existing State and federal notice requirements to nonprofit developers and property owners of at-risk housing.
 - Gauge owners' intent to prepay a federally assisted mortgage. Establish a relationship and meet with property owners of at-risk units on an annual basis.
 - Gauge owners' interest in renewal or opting-out of federal, project-based Housing Choice voucher contracts. Determine whether profit-motivated owners intend to renew project-based Housing Choice voucher contracts. 5-year to 20-year HUD contracts are available, subject to annual appropriations.
 - Require owners who want to opt-out of a project-based Housing Choice voucher contract, prepay a HUD-subsidized mortgage, or sell their property within five years of the expiration of the rental subsidy to provide 18-24 months' advance notice.
 - Respond to any federal or State notices, including "notice of intent to prepay," "owner plans of action," or "opt-out" notices filed on local projects. Local governments (affected public agencies) receive these notices and should quickly respond by contacting property owners.
 - Hold a public hearing on the intended opt-out, prepayment, or sale to ensure noticing requirements and potential strategies are examined, and initiate assistance with tenants.
- **Providing Financing and Regulatory Assistance:**
 - Support potential funding sources for mortgage refinancing, acquisition, rehabilitation, gap funding for affordable development, and rental subsidy assistance. These funding sources include predevelopment

- funds, tax-exempt bonds, housing tax credits, Community Development Block Grants, HOME funds, etc.
- Require replacement of low-income units converted to market-rate on a one-to-one basis.
 - Act as an “intermediary” to temporarily preserve converted units until local housing sponsors can secure financing to repurchase and rehabilitate.
 - Offer local incentives (lower-interest rate loans and more favorable loan terms and conditions) to owners wishing to refinance and prepay their existing mortgage in exchange for continued affordability restrictions.
 - Reduce, waive, or subsidize local development fees associated with preservation or replacement of at-risk units.
 - Incorporate preservation incentives or conversion disincentives into a local, preservation ordinance.
- **Assisting Tenants:**
 - Provide tenant relocation assistance or direct rental subsidies. In the event of owner mortgage prepayment or project-based Housing Choice voucher opt-out, the enhanced voucher may not be sufficient to assure affordability or the new owner may refuse to accept Housing Choice vouchers. In such cases, local relocation assistance and additional rental subsidies may be necessary. Work with the local public housing authority to determine the availability of tenant-based vouchers for tenants who choose to move from at-risk units or are displaced by conversion.
 - Provide ongoing preservation technical assistance on the need to preserve the existing affordable housing stock and educate affected tenants and the community at-large about the need to preserve the current housing.

Resources

For additional information about anti-displacement and preservation actions that local governments can take, including sample programs, examples of successful strategies, and regulatory guidance, see:

- The California Housing Partnership’s Toolkit: *Preserving Affordable Homes Near Transit*: <http://1p08d91kd0c03rlxhmhtydpr-wpengine.netdna-ssl.com/wp-content/uploads/2015/11/10-CHPCPreservationToolkit.pdf>
- The Department of Housing and Community Development’s *Building Blocks: A Comprehensive Guide to Housing Elements: Preserving Units At-Risk of Conversion to Market Rates*: <https://www.hcd.ca.gov/community-development/building-blocks/program-requirements/preserve-units-at-risk-conversion-market-rate.shtml>
- The California Housing Partnership’s Preservation Technical Assistance guide: <https://chpc.net/policy-research/preservation/>

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- On inclusionary housing policies, many local jurisdictions adopt inclusionary requirements, which require developers to provide a certain percentage of housing units in a new development at affordable rates to moderate- and lower-income households. Recent legislation (AB 1505, 2019) requires the Department of Housing and Community Development, under certain circumstances, to review a local inclusionary housing ordinance on a limited basis of economic feasibility studies, to demonstrate the ordinance does not unduly constrain the production of housing. For additional information, please see HCD's technical assistance memo: https://www.hcd.ca.gov/community-development/housing-element/housing-element-memos/docs/AB_1505_Final.pdf